

Internal Revenue Service
District Director

Department of the Treasury

Person to Contact:

Telephone Number:

Refer Reply to:

EIN:

Date: MAY 26 1992

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

According to your Articles of Incorporation, your stated purposes are supporting children in athletic training, education, and competition.

You are a parent group whose primary activity is fundraising to provide support for minor karate students in the form of transportation to karate tournaments. You also provide schools with karate demonstrations and overlay your activities with an anti-drug message. There are presently [REDACTED] families in your organization; all have children eligible for your benefit of paying entry fees for and transportation to karate tournaments. You do not limit payment of children's expenses to lower income families. You intend eventually to pay for the national and international competition of members when they qualify for such competition. Your Board of Directors is composed 100% of parents of children who compete in karate competitions.

Section 501(c) of the Code describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(3) Corporations, and any community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of

the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office."

Revenue Ruling 69-175, 1969-1 C.B. 149, deals with an organization formed by parents of pupils attending a private school. The organization provides bus transportation and thus serves a private rather than public interest. The organization is not exempt under section 501(c)(3) of the Code.

Like the organization cited in Revenue Ruling 69-175, you serve private rather than public interests. Although your activities combat juvenile delinquency, as provided for in section 501(c)(3) of the Code, you lack the broad community participation looked for in charitable and educational exemptions. As a parent booster club, you support the parents' children and thus serve the private interests of those parents, who control you. You serve their private interests by paying expenses which would otherwise be borne by them.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(3) of the Code.

You are required to file Federal income tax returns annually with your district director.

Contributions to you are not deductible under section 170 of the Code.

As provided by section 6104(c) of the Code and the applicable regulations, the appropriate State officials are being notified of our determination.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018, Consent to Proposed Adverse Action. Please note the instructions for signing on the reverse side of this form.

[REDACTED]

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

If we do not hear from you within 30 days from the date of this letter, and you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies and will then become our final determination. Section 7428(b)(2) of the Internal Revenue Code provides, in part, that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,"

[REDACTED]

District Director

Enclosures:
Publication 892
Form 6018
Self-addressed envelope